

FINANCIAL SERVICES

REINTRODUCE STRATEGIC PLANNING AND PERFORMANCE BUDGETING PROCESSES

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Objectives and Achievements	In Progress
<ul style="list-style-type: none"> Issue: The State does not routinely perform agency or statewide strategic planning or performance budgeting processes, thereby depriving decision makers of data that would better inform the budget decisions affecting the allocation of scarce State resources. Objective: Reinstitute strategic planning and performance budgeting processes to provide information for preparation of data-driven budget recommendations and budget decisions 	<ul style="list-style-type: none"> In June 2018, SB 263, the Delaware Governmental Accountability Act update bill, was passed by the Senate but not considered on the floor by the full House. Agreement made with legislators to rerun SB 263 in its current form (full implementation moved back to FY 2023). On May 2, 2019, the bill reintroduced as HB 133 with Rep. Q. Johnson and Sen. McDowell as sponsors. HB 133 passed the House in June 2019 and was on Senate Agenda 1 for June 30, 2019. The bill was not brought up on the floor for a vote. Due to the COVID-19 emergency HB 133 was not brought to the Senate floor in the second session of the 150th General Assembly. Both sponsors are retiring from the General Assembly.
Next Steps (Future Activities)	Challenges (Issues and Risks effecting your effort)
<ul style="list-style-type: none"> HB 133 is dead. It does not carry over into the 151st General Assembly and its two primary sponsors have retired from the General Assembly. Did not meet the goal to have GAA bill passed by General Assembly and signed by Governor by end of June 2020. GEAR (OMB and DOF) will need to decide if and how it will pursue reintroduction of this legislation. OMB will follow up with GEAR Board members and Financial Services Delivery Team members on the implementation issues they brought up in prior GEAR meetings regarding the GAA bill. Will continue to work through the initial implementation plan to identify resources, timeline, strategic planning and performance budgeting processes and business process improvement systems. 	<ul style="list-style-type: none"> Identifying existing, not new, resources and a very short timeframe for implementation. There will be a new Joint Finance Committee and legislative budget leadership, unknown how they will see this potential legislation. Budget focus will be on getting through the next fiscal year with its anticipated deficit and other COVID-19-related costs.

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BANKING ARCHITECTURE REDESIGN

Objectives and Achievements	In Progress
<p><u>Objective:</u> Implement a new, streamlined banking architecture that will leverage best-in-class technology and product offerings to maximize value for state agencies</p> <p><u>Achievements:</u></p> <ul style="list-style-type: none"> Finalized JPM contract terms; JPM fee waiver start date finalized Stored Value Card transition for Unemployment and Child Support completed (Foster Care pending) Completed OST hiring, including dedicated project management and technical resources 	<ul style="list-style-type: none"> Local Bank Agreements (in progress) with M and T (Lead Bank) being finalized, as well as TD, Citizens and WSFS under negotiation JPM project underway with priority agencies – Dept. of Finance, PHRST, Office of Unclaimed Property Payment Card Industry (PCI) Compliance activities with State Agencies under new consultant (CampusGuard) Developing digital government RFP with DTI
Next Steps (Future Activities)	Challenges (Issues and Risks effecting your effort)
<ul style="list-style-type: none"> Finalize local banking contracts and deploy over-the-counter banking options to state agencies by November 2020 Launch digital government RFP in September 2020 Finalize timelines for general banking transition for PHRST, Finance, and FSF in August 2020 Finalize PCI requirements for largest State Agencies (by transactional volume) by October 2020 	<ul style="list-style-type: none"> Complex and long-term statewide implementation requires additional resources with significant project management and/or banking services experience Sustained participation of subject matter experts from state organizations is needed throughout the project lifecycle Improving banking behaviors and product usage may require training, education, and/or policy changes Contracts with certain incumbent providers may need to be extended prior to calendar year-end to account for anticipated transition timelines Coordination of technical resources across DTI and the agencies is required for planning and implementation

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ENSURE EFFECTIVE INTERNAL CONTROL SYSTEMS ARE DEVELOPED AND MAINTAINED

Objectives and Achievements	In Progress
<ul style="list-style-type: none"> • Issue: In general, Delaware residents believe our State government is not transparent, as evidenced by the Center for Public Integrity. A lack of transparency inhibits the public's ability to observe and understand how their tax dollars are spent. • Objective: Transparency in the financial operation of State government improves accountability and efficiency. 	<ul style="list-style-type: none"> • The Auditor of Accounts issued a private auditing firm's report examining all aspects of the office's past and current operations and functions. The office is reviewing all recommendations. Several have been implemented. • The office has launched an outreach program to raise awareness including a redesigned website, social media channels and community meetings. • A new app is being developed to facilitate easier fraud hotline reporting. • The Auditor of Accounts is catching up on neglected code mandates. Several engagements are in progress covering previously neglected mandates. (07/11) • Data analysis initiatives underway, including study to report key metrics by agency. • Conducting performance audit engagements to examine State programs. • The office has been restructured to improve workflow. • Open positions are being filled and the office had requested additional resources from the General Assembly. • Redesigned our report format to provide clear executive summary and one-page "hot sheet." • The office is creating a model to identify and prioritize risks to be used in developing the annual audit plan.
Next Steps (Future Activities)	Challenges (Issues and Risks effecting your effort)
<ul style="list-style-type: none"> • Increased work product from the office with meaningful recommendations. • Developing a risk-based audit plan to provide the most relevant and actionable information. • Will partner with GEAR to provide relevant information for efficiency objectives such as: <ul style="list-style-type: none"> ○ Possible cost savings ○ Process narratives/flow charts ○ Cost driver analysis 	<ul style="list-style-type: none"> • Funding for staff—the office has 33 percent fewer authorized positions than it did in 2008. • Funding for resources—the office is upgrading technology and software to audit more efficiently. The office has increased HR and training needs as a result of filling open positions. • Rebranding the office to increase oversight role and become valued resource to GEAR and the State.

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IMPROVE DATA INTEGRATION AND MAPPING

1

Objectives and Achievements	In Progress
<ul style="list-style-type: none"> • Issue: The use of multiple data sources for State decision making leads to duplication of efforts, conflicting and competing analyses, and higher costs for both analyses and decisions made. • Objective: Improve data integration and mapping so that better information is available for decision makers at some cost savings 	<ul style="list-style-type: none"> • DelDOT has approved a \$76,478 contract with UD-IPA under their State Planning Resource Program and they will fund this work. • UD-IPA completed interviews with the various agencies and much of the background research. • UD-IPA estimates a draft of recommendations sometime in the late summer of 2020 will be delivered for consideration.
Next Steps (Future Activities)	Challenges (Issues and Risks effecting your effort)
<ul style="list-style-type: none"> • Once draft recommendations are delivered the Delaware Geographic Data Committee's (DGDC) Technical Advisory Board will discuss the best path forward. 	<ul style="list-style-type: none"> • This effort will take approximately a year to complete.

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REQUIRE ALL STATE AGENCIES TO USE DELAWARE POPULATION CONSORTIUM PROJECTIONS

1

Objectives and Achievements	In Progress
<ul style="list-style-type: none">• Issue: The counties are required to use the Delaware Population Consortium projections for planning, grants, loans, etc., State agencies, school districts and other levels of government are not.• Objective: Requiring all State agencies to use Delaware Population Consortium projections for all planning grants, loans, performance metrics, etc.• By using shared statewide data and population projections all entities will be able to agree on their accuracy as well as see the “big picture” statewide.	<ul style="list-style-type: none">• The Legislation passed on April 18, 2019• Governor Carney signed the legislation May 14, 2019.• The DPC has held their first official meeting and has adopted By-Laws.• This task is completed
Next Steps (Future Activities)	Challenges (Issues and Risks effecting your effort)
<ul style="list-style-type: none">• This task is completed.	<p>This task is completed</p>

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ESTABLISH CENTRALIZED LAND INVENTORY DATABASE

Objectives and Achievements	In Progress
<p>Objective: Establish State land inventory</p> <p>Establish a central State land inventory and require all agencies to use it for the management of the State's real property portfolio.</p>	<ul style="list-style-type: none"> • OSPC has a copy of the final report from UD-IPA. It is available on the OSPC website. • Agencies are agreeable to development of central database. • OSPC will need to scope the project and develop a Rough Order of Magnitude (ROM) and cost estimate
Next Steps (Future Activities)	Challenges (Issues and Risks effecting your effort)
<p>OSPC will develop a Business Case with DTI and get cost estimates to create a centralized relational database and geospatial component to maintain accurate and up-to-date data on the assets owned and managed by the State of Delaware. This database is envisioned to permit each agency the autonomy to input and update their land inventory data but store it centrally with all other agencies so it can be queried and provide management the best information for decisions regarding these properties.</p>	<p>The biggest challenge will be funding to create the database and agency interface to permit data input. Requirements gathering will need to be all inclusive and then we'll have to work with DTI and/or a contractor to create the relational database, data input interface, and geospatial components working on the State network. The IPA report also stressed that success will depend upon support of upper management of each agency so that business practices change to include data sharing and use of the new database interface.</p>

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CREATE A FINANCIAL SERVICES ROUNDTABLE

Objectives and Achievements	In Progress
<ul style="list-style-type: none"> • Issue: Currently, there is no centralized entity identifying continuous improvement opportunities or potential issues and risks affecting the State's financial management functions. Such responsibility falls to individual agencies performing these functions and the response and solutions are often fragmented and ineffective. • Objective: Objective is to create a financial services roundtable composed of senior financial officers to comprehensively address issues with the State's financial management functions. • Objective: Eliminate duplicative internal financial service functions and realize process efficiencies and cost savings. 	<ul style="list-style-type: none"> • Initially, FSD Team will constitute the roundtable: Secretary of Finance, Director of OMB, Controller General, State Treasurer, Auditor of Accounts, Chief Financial Officer of the Delaware Judiciary, and a representative from school district business managers. • Rick asked Jane Cole (DOF/DOA) to lead the Work Team/Focus Group. • The Financial Advisory Committee (FAC) began meeting in August 2018 and established four priority areas: account coding, grants, onerous processing requirements and travel and purchasing. Subcommittees have been meeting since January 2019 and the FAC recently formed a training subcommittee.
Next Steps (Future Activities)	Challenges (Issues and Risks effecting your effort)
<ul style="list-style-type: none"> • The subcommittee for onerous paper processing requirements continues to assess the processes that need to be streamlined or eliminated. In early January new procedures for uncollectible accounts receivables were released in the Budget and Accounting Policy Manual and the subcommittee is reviewing the current Purchase Order threshold and the exceptions to the Purchase Order requirement. • The subcommittee for account coding will incorporate requested new revenue accounts and release the updates with FY 2021 system start-up. • The subcommittee for grants began meeting under new leadership and is establishing their goals which includes additional training to agencies and standardizing processes. • The training subcommittee held an initial meeting and will begin looking at updating trainings for both PHRST and FSF as well as developing beginning courses for payroll and accounting. • The travel subcommittee is addressed in the Travel Per Diem 4 blocker. 	<ul style="list-style-type: none"> • Changing fragmented financial practices that have "worked" for individual State entities. • Potential changes to Delaware Code for the processes.

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ENSURE EFFECTIVE INTERNAL CONTROL SYSTEMS ARE DEVELOPED AND MAINTAINED: TRAVEL PER DIEM

1

Objectives and Achievements	In Progress
<ul style="list-style-type: none"> Issue: State agencies have traditionally operated with significant autonomy. As a result, many administrative and financial service functions are duplicated statewide, resulting in unnecessary expenditures for employee and contractor time, software licenses, and computing service costs. Objective: Ensure effective internal control systems are developed and maintained: Reduce travel per diem complexity that leads to inefficiencies in use and enforcement compliance and auditing (estimated savings \$800,000). Total Travel spend FY 2017 \$3.7 M (all funds, no HiEd or SDs). Leadership: OMB (Sullivan) and DOF (Cole). 	<ul style="list-style-type: none"> Review of Travel Policy being examined by DOF/DOA's Financial Advisory Committee (FAC). PCard still preferred method of payment so addressed access, retention of receipts, and travel insurance eligibility/assignment. No cash advances. Revised travel policy which raises the threshold for: OMB/DOF review of missing receipt affidavits to \$100; OMB/DOF review to 200% of GSA rate for lodging; and adjusts per diem requirements. Travel committee viewed presentation by Corporate Travel Management (CTM) representative highlighting the benefits of utilizing their services to book travel arrangements for transportation and lodging. CTM has National Association of State Purchasing Officers (NASPO) contract and provides online and agent bookings for travel along with numerous reporting features.
Next Steps (Future Activities)	Challenges (Issues and Risks effecting your effort)
<ul style="list-style-type: none"> The proposed revision to the State's travel policy in the Budget and Accounting Policy Manual for the use of a travel management company are in final review. DOF/DOA and OMB/GSS negotiations with Corporate Travel Management (CTM) to adapt the NASPO contract to meet the needs of the State has encountered some resistance from CTM. If resolution is not reached soon, the State will look to other providers. 	<ul style="list-style-type: none"> Engaging a travel management company is dependent upon negotiating a contract that meets the State's requirements. Not creating uniform travel policy across all State entities. State travel policy sets minimum standards, State entities will still develop their own policies and practices. Enforcement still an issue—how to ensure per diem not exceeded or if not exceeded to keep travelers from keeping amounts not spent.

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ENSURE EFFECTIVE INTERNAL CONTROL SYSTEMS ARE DEVELOPED AND MAINTAINED: PCARD

1

Objectives and Achievements	In Progress
<ul style="list-style-type: none"> • Issue: State agencies have traditionally operated with significant autonomy. As a result, many administrative and financial service functions are duplicated statewide, resulting in unnecessary expenditures for employee and contractor time, software licenses, and computing service costs. • Objective: Ensure effective internal control systems are developed and maintained: Increase PCARD usage (each additional \$250M in spend will increase rebates \$300K and lower costs for processing checks) • Current PCard spend 2019 \$168.4 M • Leadership: DOF (Cole) and OST. 	<ul style="list-style-type: none"> • Budget and Accounting Manual Policy Chapter 12 – PCard updated and posted with effective date of July 1, 2019. • New contract in place and DOA continues to recruit new suppliers to the Single Use Account (SUA) program (currently over 2,600 active suppliers, after successful recruitment program with JPMC). SUA volume for calendar 2019 was 55% of the total program spend volume.
Next Steps (Future Activities)	Challenges (Issues and Risks effecting your effort)
<ul style="list-style-type: none"> • Together with travel continue explorations of travel management services which through connection to the PCard will result in increased usage. • Reduce the current pay cycle for checks and ACH transactions from daily to weekly or biweekly to drive more payments to the Single Use Account (SUA) within the PCard program. 	<ul style="list-style-type: none"> • Capacity reserved for calendar 2020 to implement additional new banking products/services. • Developing policies and procedures, communicating and obtaining Statewide buy-in to change the pay cycle for supplier payments.

DEPARTMENT OF FINANCE INTEGRATED REVENUE ADMIN SYSTEM (IRAS)

Objectives and Achievements	In Progress
<p>Integrated Revenue Admin System (IRAS)</p> <p>Objective: The Division of Revenue (DOR) is undertaking a major transformation to replace its legacy infrastructure and 100+ systems into a holistic and modernized system, allowing for better security and providing an improved single view of the taxpayer. The Integrated Revenue Administration System (IRAS) project is comprised of 3 major releases, the first of which is scheduled for November 9, 2020 and will provide the functionality for Business Licenses and Gross Receipts Tax. The following 2 releases, scheduled through 2022 will provide the full suite of capabilities for centralized revenue management, improved processes, and a robust web interface for its taxpayers, stakeholders, and DOR staff.</p>	<ul style="list-style-type: none"> • All design and configuration activities have been completed, and all design specifications reviewed and approved by DOR. • Currently 78% through system testing. • Completing joint system testing in July 2020. • Began end-to-end scenario testing on July 6, 2020. • In preparation for model office testing which begins on August 17, 2020. • Data conversion is underway and currently conducting data validation on the converted data. • Training materials development is underway, and 9 training modules have been delivered for review and approval. • Organizational Change Management (OCM) activities are underway to prepare all stakeholders for the November 2020 release.
Next Steps (Future Activities)	Challenges (Issues and Risks effecting your effort)
<ul style="list-style-type: none"> • Complete the data conversion and data validation. • Complete the system testing. • Complete the model office testing. • Conduct the performance testing. • Conduct training of all DOR employees and business partners. • Finalize all interfaces to external partners and State agencies. • Finalize the system cut-over plan. • Go Live – November 9, 2020. • Begin Release 1 Support. 	<ul style="list-style-type: none"> • Data conversion is taking more time than expected. Working on revising the approach to streamline the conversion activities and data validation activities. • Coordinating all the human resources to finalize all joint system testing, data validation, and model office testing will continue to be a complex activity and needs full attention and support from leadership. <p>Finalizing a couple of key interfaces for Govolution and Fairfax have required more time than originally planned. Have made significant progress but will need to continue to drive these to stay on schedule in the next 3 weeks.</p>

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1

OMB (DFM & GSS) CONTACTUAL REAL ESTATE SUPPORT TO ADDRESS OFFICE SPACE LEASES

Objectives and Achievements	In Progress
<ul style="list-style-type: none"> • Issue: OMB/DFM's current leased real estate portfolio is 114 properties (1,665,429 sf) with current value of \$31.0 million. Of the 114 leased properties, 67 leases expire within the next 5 years. Currently, real estate-related tasks decentralized across numerous State agencies; leads to duplication of effort and expenditure. • Objective: Engaging a real estate Vendor to enhance staff resources managing the State's real estate portfolio by implementing industry best practices and partnering with the State in lease negotiations and administration, portfolio and facility management and other services. • Coupling constituent needs as well as individual agency's needs by location along with geographically-oriented State-needs to help identify best target locations for leases. • Reorganize lease negotiation approach toward longer term benefits where: <ul style="list-style-type: none"> ○ Constituent needs are fine-tuned and closely considered. ○ Agencies are located where complimentary State/County and Local government resources co-reside or are located immediately nearby. ○ Overall lease-term costs are most efficient. 	<ul style="list-style-type: none"> • The Real Property Management Support contract scope of work addresses: <ul style="list-style-type: none"> ○ Negotiations with potential lessors ○ Reporting on progress: A total of 31 leases were negotiated resulting in total hard dollar savings over the terms of the leases of \$27,074,427.02 with additional associated savings (e.g., furniture, relocation costs, EV charging stations) of \$4,513,629.00. This equates to an average annual savings of \$2,401,869.83 (17.22% reduction in savings). ○ Available services any firm may offer to restructure approach to lease management ○ Database of available real estate
Next Steps (Future Activities)	Challenges (Issues and Risks effecting your effort)
<ul style="list-style-type: none"> • Undertake the work to renegotiate existing leases, identify alternative and leased locations and identify existing State-owned space opportunities that could be more efficiently utilized. • Development of lease or buy calculation and policy. • Leverage contractor resources toward renewing leases or relocating leased properties for State operations where they are most efficiently accessible by constituents as well as most economically efficient for lease costs and buildout. 	<ul style="list-style-type: none"> • The erratic flow of staffing requirements necessary to manage all flow of work including and beyond negotiation of leases. • Individual agencies acting on their own without OMB/DFM knowledge • The process flow currently in place requiring multiple agencies to act on lease opportunities. • COVID-19 <ul style="list-style-type: none"> ○ Touring spaces ○ Construction delays

Withdrawn: Objectives of this project to be incorporated within the Financial Service Roundtable project

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ELIMINATE DUPLICATIVE INTERNAL FINANCIAL SERVICE FUNCTIONS

Objectives and Achievements	In Progress
<ul style="list-style-type: none">• Issue: State agencies have traditionally operated with significant autonomy. As a result, many administrative and financial service functions are duplicated statewide, resulting in unnecessary expenditures for employee and contractor time, software licenses, and computing service costs.• Objective: Eliminate duplicative internal financial service functions and realize process efficiencies and cost savings.	<ul style="list-style-type: none">• Formed the Senior Financial Officer Roundtable: Objective is to comprehensively address issues with the State's financial management functions.
Next Steps (Future Activities)	Challenges (Issues and Risks effecting your effort)
<ul style="list-style-type: none">• Adopt enterprise financial services delivery model for selected financial functions common to multiple agencies.• Encourage all agencies to participate in the discovery, prioritization, and migration/consolidation of redundant financial services and systems into FSF.	